



How Co-Employment Can Reduce Your Liability

Whereas every organization aims to effectively manage costs and take care of employees while generating profit, liabilities threaten to reduce margins and create operational challenges — especially for small businesses. A potential solution is entering into a co-employment relationship with a PEO. Outsourcing with a PEO can help you reduce your liability and keep costs in check. In fact, working with a PEO can save small businesses 27% on HR-related costs, helping to free up capital that can be reinvested back into operations. So, what's your plan?

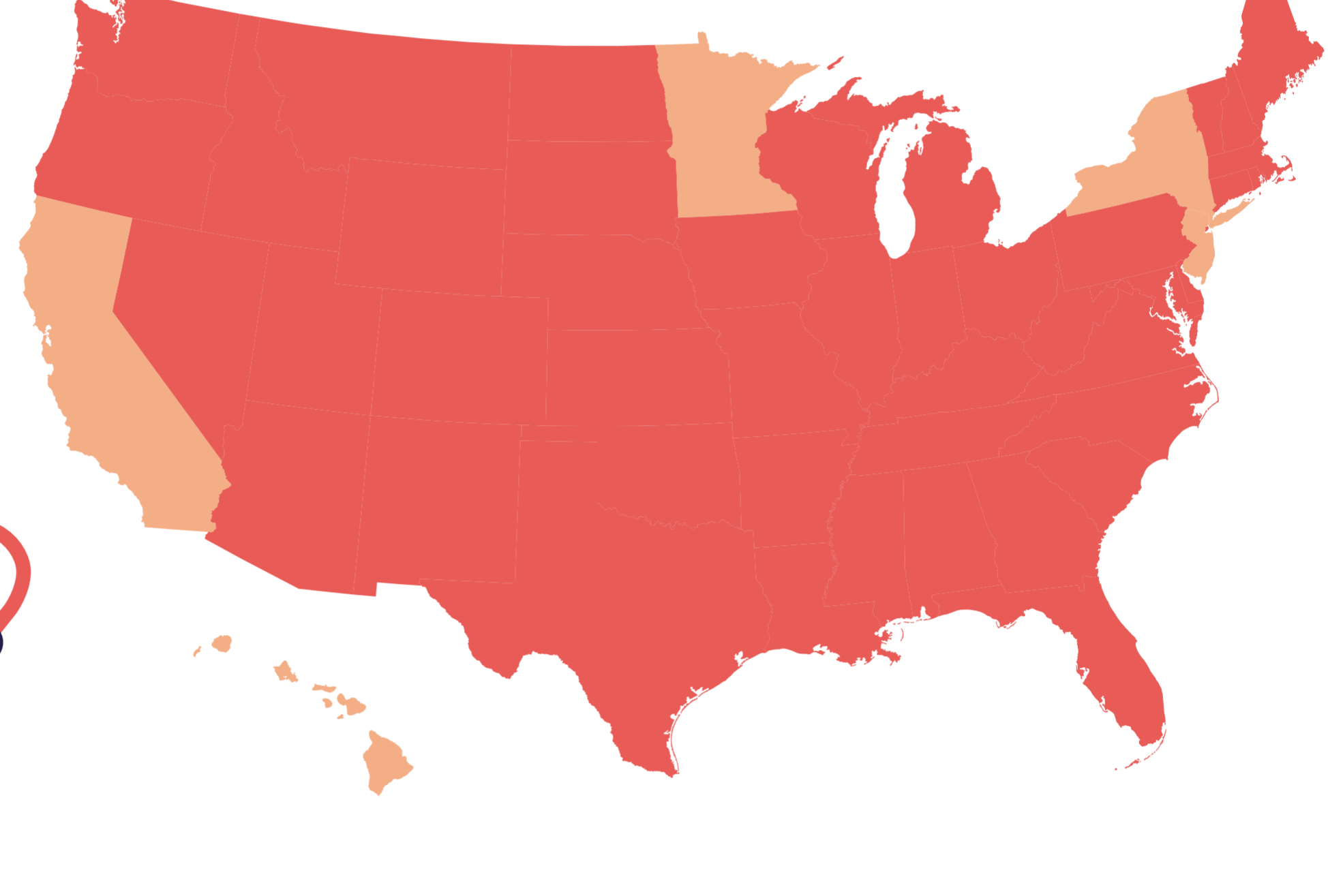
Regulatory changes occur regularly



Since the start of 2020, five states — California, Hawaii, Minnesota, New Jersey and New York — have passed a combined total of nearly

2,400

new pieces of pandemic-related legislation affecting businesses.¹

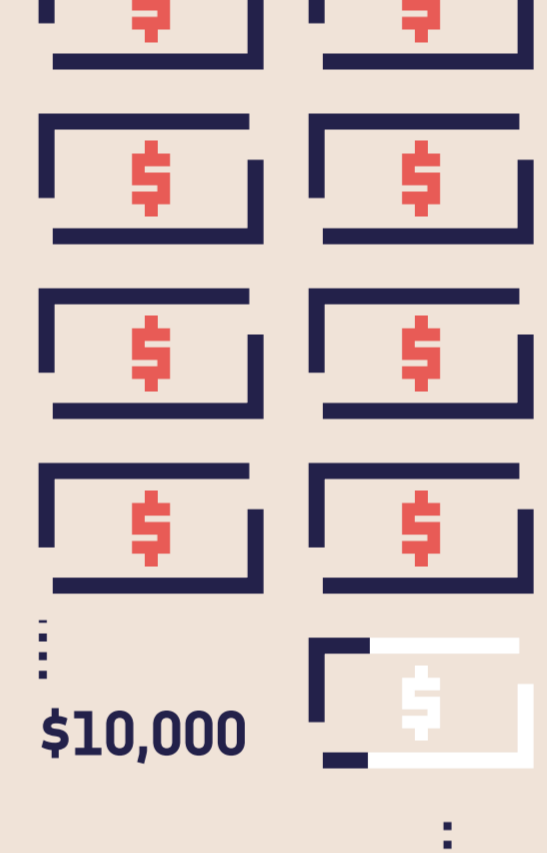
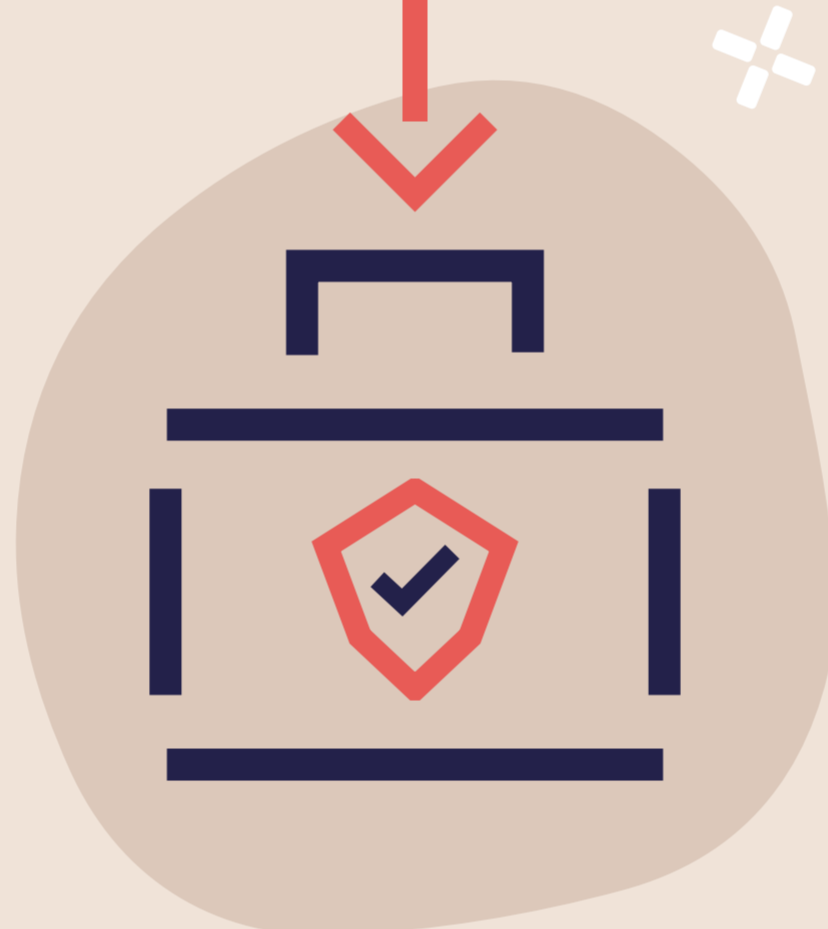
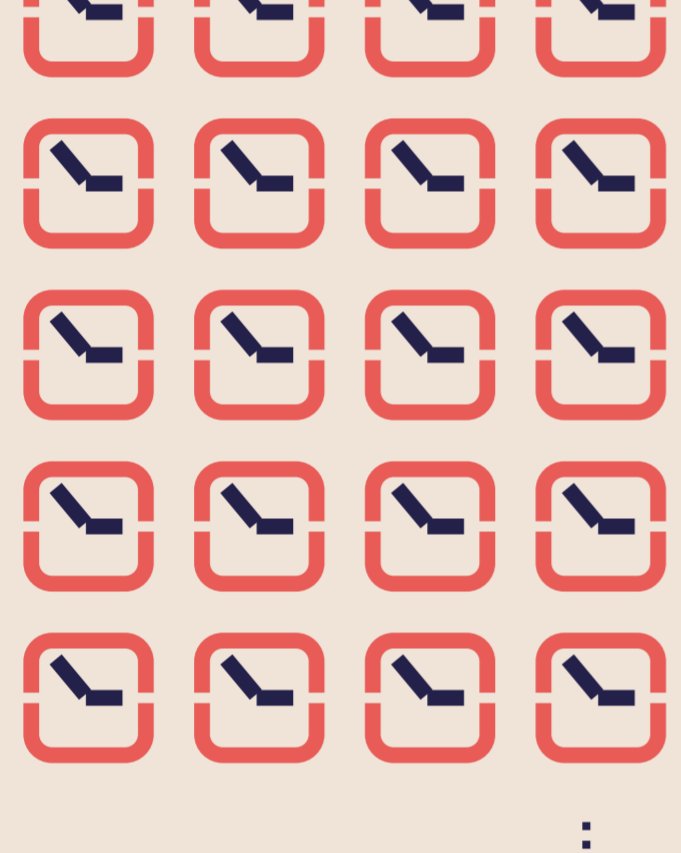


Instead of struggling to stay on top of constant regulatory changes, reduce risk and avoid hefty non-compliance fees, small and medium-sized business owners can choose to partner with a PEO and shift the responsibility (and some of their liability) to the co-employer.



A PEO comes with a team of experts whose full-time job is to monitor compliance change, interpret them and ensure their advice (and the technology) is in full compliance. A PEO like ADP TotalSource has dedicated HR, payroll and risk experts who communicate the compliance changes and provide guidance where it's needed.

Staying compliant and reducing liability is imperative



20

On average, small business owners spend 20 hours per month (and \$12,000 annually) trying to comply with state, federal and local regulations.³

\$83,000

Non-compliance costs small businesses thousands of dollars a year, or as much as hundreds of thousands each year for multiple or repeated violations. In its first year, a small business typically spends \$83,000 on burdensome regulations.⁴



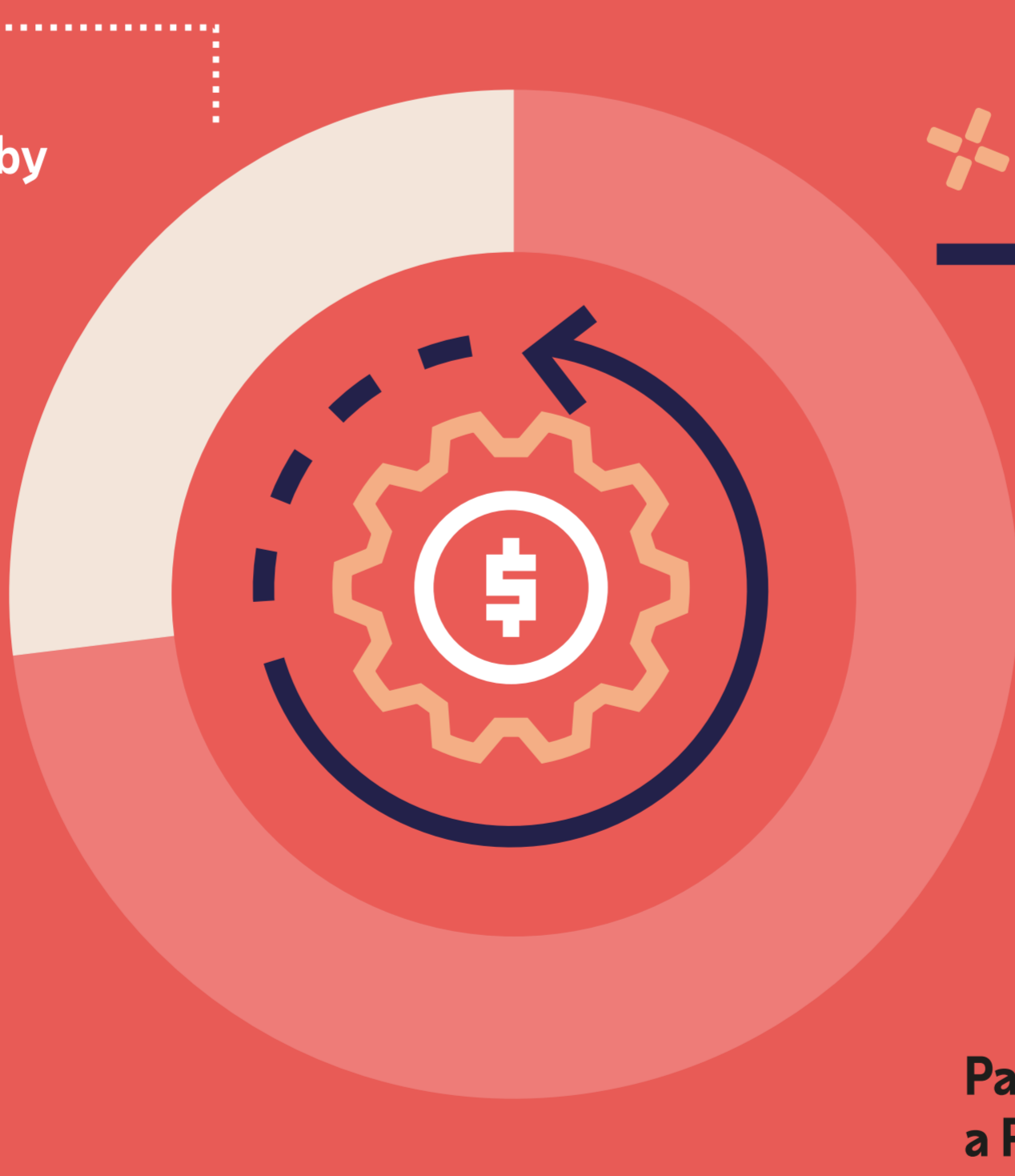
Those penalties could affect the financial health and future of a small business. Co-employment means a PEO focuses on HR-related tasks such as payroll, benefits administration and regulatory compliance. This relationship reduces liability when it comes to navigating tax responsibility and enforcing mandates from legislation like the ACA, FLSA, OSHA and EEOC.

The ROI is clear and substantial

Working with a PEO can reduce HR-related costs by

27%

freeing up funds that can be used to support employees and benefit the business.⁵



With a co-employment relationship, businesses can reduce liability and effectively stay in compliance without needing to devote as many resources.



Partnering with a PEO saves employers time and energy, allowing them to focus on serving customers and growing the business — instead of worrying about risks and penalties.

Don't waste time focusing on peripheral needs

Enlisting the help of a PEO like ADP TotalSource® reduces the risk of OSHA violations, ACA non-compliance and worker classification errors, in addition to lowering tax liability. The relationship provides a ton of value to employers and helps provide peace of mind that the organization is keeping up with the high volume of new employment laws every year.

Get the support you need to manage costs, take care of employees and protect your business from liabilities with support through ADP TotalSource®.

Learn more at adptotalsource.com.

Up next: What's your plan for scaling your business?

Sources:
 1. Inc. Magazine 2021 special PEO section (client provided)
 2. <https://www.littler.com/publication/press/publication/new-state-employment-laws-set-to-take-effect-january-1-2021>
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 5. https://www.napeo.org/docs/default-source/press-releases/white-paper-2019-8e44ab2ab0647e9e4ff00004fd204.pdf?sfvrsn=17542ed6_2